

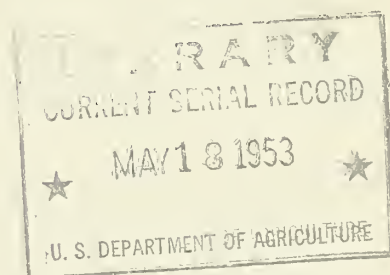
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MARKETING ACTIVITIES



U.S. DEPARTMENT OF AGRICULTURE
Production and Marketing Administration
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WHO SHOULD CARRY OUT OUR FARM PROGRAMS?

By John H. Davis Page 3

This article by the Director of Commodity Marketing and Adjustment, and President of the Commodity Credit Corporation, U. S. Department of Agriculture, was adapted from an address delivered before the New England Research Council, at Boston, Mass., April 14, 1953.

EUROPEAN MARKETS FOR U. S. FATS AND OILS

By Paul S. Quintus Page 7

The head of the Fats and Oils Division, Foreign Agricultural Service, USDA, gives some findings from a recent first hand study of Western Europe made under the Agricultural Marketing Act of 1946.

LESS HASTE: MORE GAIN IN MARKETING GRAIN

By Thomas B. Walker Page 11

The chief of the Program Analysis Division, Grain Branch, PMA, has put some statistics in readable form to show that orderly grain marketing does pay.

POULTRY "SCHOOL" RESULTS

By John D. Miller and Earl Rinear Page 15

What poultry dealers are "picking up" from training classes are summarized by Mr. Miller, Professor of Agricultural Economics, University of Missouri, whomade the survey, and Mr. Rinear of PMA's Poultry Branch.

PARTICIPATION TRAINING BRINGS IMPROVED PERFORMANCE

By Martin Kriesberg Page 17

Employee motivation, developed by participation in training, plays an important part in adoption of new procedures, it is shown in this retail store study which could be applied to many other phases of marketing.

MARKETING ACTIVITIES

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Who Should Carry Out

Our Farm Programs?

By John H. Davis

Maintaining a reasonable balance between production and market outlets so as to assure fair and stable prices--that has been the basic problem in agriculture. It has been with us for a long time. Looking back 30 to 40 years, we find a whole series of efforts to reach a solution.

From World War I until the early thirties, the attempt to relate supply and demand was largely through working on the marketing and distribution end of the equation. Later, the emphasis changed to regulating production or limiting sales, supplemented in some instances by subsidized diversion programs.

But the basic problem of relating production to market demand is a major one and, to a large extent, it still remains unsolved. The present inventory of the Commodity Credit Corporation cost about 1.2 billion dollars. Another 2 billion dollars has been advanced as price-support loans on storable commodities. The total can increase in the months ahead.

This situation points up the problem. But I am not saying that the present farm program is a failure. To remove our present program without something better to take its place might throw the economy into chaos. The trouble with our present program is not that it holds promise to the farmers of too much, but rather that it offers too little--that it is inadequate to meet the needs of our time.

Our farm program must be geared to progress if the farmer is to keep abreast of other segments of our economy. There must be incentives, adaptability and flexibility to permit adjustment and change toward increased productivity and efficiency, and toward higher farm income. But to move forward, we must start with the farm programs we have now and build better ones. When I refer to "farm programs" in this connection, I am thinking of the varied operations affecting commodities which have price supports, rather than the accepted service and regulatory functions of government.

In building toward better programs -- better ways of relating the supply of agricultural commodities to demand -- it is important to consider the relative roles of government and free enterprise institutions. Experience of the past has shown that we have one of three choices in trying to solve this problem. We can (1) ask government to enter the marketing field to be the stabilizer, (2) ask private enterprise to assume

the responsibility, or (3) ask private enterprise to do the job with certain help from government.

It is my firm belief that we will make infinitely more progress towards integrating production and marketing in a manner that will stabilize prices if we place the chief responsibility on private enterprise rather than on government. That is because of the greater flexibility of private enterprise with respect to employment and wage policies, investment policies, greater incentives for efficiency, greater willingness to adjust to new conditions and the resulting greater incentives and opportunities for workers to develop their talents and apply them.

But in the past, private enterprise has not met the need to develop an adequate marketing system for agriculture. That may be because the typical firm operating in the farm marketing field never has considered the total marketing problem to be part of its responsibility. Instead, it has concentrated on only a single phase, or a few phases of marketing, with the desire to maximize its profit from such undertaking.

With respect to such operations, firms in the agricultural marketing field are reasonably efficient. Their profits, when compared with other industries, are not excessive. But, in general, the firms engaged in the handling, processing and merchandising of farm products have not assumed the responsibility of building a total marketing system adequate to meet the farmers' needs.

Wool as an Example

Last year, for example, the United States produced about one-third of the wool its people consumed. Even so, about half of what we produced moved into storage under Government loans rather than into consumption. As a result, our domestic market had to be supplied by wool imported from abroad.

The point is that neither those firms handling domestic wool nor those handling imports considered it their responsibility to try to provide an adequate market for our domestic wool growers which would move domestic wools into consumption. Nor did the wool growers themselves put forth great effort on this front other than to seek protection from imports by Government intervention. Instead, each group looked largely to its own immediate interest. So, during the year, the Government assumed a bigger and bigger role in the marketplace and private enterprise a smaller role.

I do not mean to criticize leaders in the agricultural handling, processing, and distributive industries. They without doubt are the most progressive in the world. To a considerable extent they have been discouraged from assuming greater responsibility in the marketing field by our anti-trust laws. Then, too, the farm organizations, farm leaders, and political leaders have tended to look askance at large, integrated operations on the part of those handling farm products.

Nor am I advocating fewer and larger firms with near-monopoly control of the processing and distribution of farm products, unless inherent

within such development are the forces for the creation of a more adequate marketing system in the interest of both the farmer and the consumer.

I am saying that the only way I see of reversing the trend towards more government in marketing is to devise a plan by which private firms themselves can relate agricultural production and marketing in a way which will provide price stability at an equitable level, without the need for the Government to operate actively in the marketing field.

Obviously, this is a big order and one for which I do not pretend to have an adequate answer.

There are those who contend that the answer is to expand cooperative marketing to the point where it adequately integrates farm production and marketing. They point out that, by their very nature, marketing cooperatives do tend to integrate marketing with production, inasmuch as they are owned and controlled by the producers.

But farmer marketing cooperatives cannot control farm production without Government help, as was demonstrated during the early 1920's. Furthermore, American agriculture did not grow up with the cooperatives dominant in the processing and distributive fields, except in the case of a few commodities. It seems unlikely that they will become sufficiently dominant in the marketing field to integrate farm production and distribution in a way which will stabilize the farm price structure -- unless the Government acts to tip the scales heavily in their favor and also to give them some type of control over production. To do this would tend to make farmer cooperatives instruments of the Government. Thus, in the end, we would be back where we started. While I believe that farmer cooperatives have an important place in our agricultural economy, I do not believe they alone are the answer to our farm problems.

Voluntary Cooperation of All Segments of Agriculture

A more hopeful approach would seem to be that of encouraging voluntary cooperative arrangements on the part of producers and all segments of the agricultural handling, processing, and distributive industry for the purpose of building an adequate marketing system. When I use the words "cooperative arrangement" in this text I do not refer to farmer cooperatives but rather to an arrangement whereby all types of business would work together voluntarily in a common effort -- each firm retaining its present entity and form.

More specifically, I have in mind teamwork on the part of all segments of the agricultural industry to provide price stability at fair levels without the Government acquiring stocks and without the necessity of annual appropriations by Congress to make up losses from the sale of surplus products. I believe that there is enough brainpower and ingenuity in America to develop such a program.

One fact that stands out of the experience of the last 30 years is that no one pattern is applicable for all commodities. Therefore, we should seek not just one answer but a combination of several answers. Let us re-examine all of the practices of the past 30 years to see what

has worked best and what has not. Let us also use to the limit our ingenuity to develop entirely new and better answers to our farm programs. Let us be bold enough to appraise objectively the merit of suggestions for the greater use of marketing agreements, the adoption of a two-price plan, price insurance, guaranteed loans, and even compensatory payments. Let us take a look at the wisdom of stockpiling some storable and strategic farm products as protection in the event of an emergency -- and to do so in such a way as not to depress current markets. These and many other ideas need to be examined. And when we think we have an answer, let us make a "trial run" on a commodity or two.

In this task the farmers, the private trade servicing agriculture, and our great research and educational institutions have a far greater role to play than does the Government. For it is they, not the Government, which have the richest experience out of which better answers can be forged. Then, too, they are more resourceful and virile and less hobbled by laws and bureaucracy.

The only way we can move toward less government and more private initiative is for private business firms to start building a more adequate farm market structure. Leaders and managers must look beyond the efficiency and profits of their own particular firms and also concern themselves with the problem of the total market. This means planning together on a broader front than heretofore. It means a new sense of stewardship and teamwork among firms in related businesses, all up and down the line. It may mean amending the anti-trust laws, still giving due protection to the public, as has been done in the case of marketing agreements and market orders. Above all, after the planning stage, it will mean investing new capital behind new ideas. The decision to have more private enterprise and less government in agriculture will be made in terms of action and not words, on the part of business.

The heart of the concept of private enterprise is the freedom on the part of the businessman to make decisions for himself, voluntarily. If decisions are forced on him by the Government, then we have regimentation and not free enterprise. An extreme form of such regimentation is totalitarianism in one form or another.

The point I am trying to make is this: The decision to have less government and more private enterprise in our agricultural economy is one to be made by farmers and businessmen serving farmers and not by governmental officials. Farmers and businessmen serving farmers can make such decision either by action or by inaction. If they want less government in business, then they, not government, must make the decision in terms of constructive action on their part. By inaction the decision becomes an automatic one in favor of more and more government in business.

Thus the actual extent of participation by government will be in reverse proportion to the degree to which producers, processors, distributors and public research institutions join hands in a common effort to devise an adequate answer to the farm program with maximum reliance on private enterprise. And let us remember that time does not stand still. Unless new and better answers can be found, we will by default move in the direction of more and more government in the farm marketing field.

✓ European Markets

For U.S. Fats And Oils ✓

By Paul E. Quintus

United States inedible tallows and greases, because of their cheapness in relation to other fats, are a bargain-buy for the European soap industry. Consequently, they are becoming increasingly important as a replacement for palm oil and other fats used in soap making. However, they tend to compete in a complex sort of way with our European market for edible fats.

Competition between different kinds of fats and oils for use in soap, and between soaps and non-soap detergents in the European cleanser market, must be taken into consideration in an over-all view of prospects for United States fats and oils sales to Europe.

Current European Outlook Optimistic

We can expect our exports of inedible tallow and greases to Europe to continue in 1953 at the 1952 rate of 337 million pounds. They may even increase. We must remember, however, that the non-soap detergents which have been introduced in most Western European countries, though not yet a serious threat, probably will compete significantly with United States tallows and greases in years to come.

Italy has been the largest European market for our inedible tallows and greases in recent years, taking 111 million pounds in 1952. Tallows and greases from this country, with some coconut oil from other areas, have become the basis of the Italian soap industry. Prior to World War II, Italian manufacturers made their soap mainly from imported palm oils, low-grade olive oils, and inedible tallow imported from Argentina. At that time the tallow was higher in price than the palm oils, and olive oil refining techniques in Italy had not been fully developed. In recent years, the price situation has reversed, with United States tallow underselling and to a large extent replacing palm oils in soap. The same situation applies in varying degrees to most other countries in Western Europe and explains our growing export market in Europe for inedible animal fats.

A few plants in Europe are reported to be refining choice white grease and fancy tallows with the refined product used for edible purposes. To the extent that this is done it accounts for some of the demand for inedible fats, and interferes with possible lard and vegetable oil exports. Its significance is tempered only by the fact that the scale of such operations is believed to be small--probably not more than 5 percent of the total trade.

The role of United States tallow and greases has a direct effect on the future export demand for our edible vegetable oils. For example, with aggressive programs under way in Africa and elsewhere to improve the quality of palm oils, these oils can be used to a larger extent in margarine and cooking fat compounds as they are released from soap-making. And, of course, the development of non-soap detergents is likely to make further cuts in the soap market. All these factors, working in a kind of chain reaction, tend to circumscribe our fats and oils export possibilities and must be given weight in any measurement of total world supplies of fats and oils.

But there is a somewhat brighter side to the fats and oils export picture. United States fats and oils, taken as a whole, can continue to find a ready market in Europe if--and here is the "if"--they can compete price-wise and quality-wise with fats and oils originating elsewhere in the world.

This changed competitive situation stems mainly from the fact that world production has expanded so that Europe is not as dependent upon United States fats and oils as it used to be. It is not altogether the expansion of fats and oils production as such, because production has barely kept pace with population increases. But, a given quantity of fat now goes farther because synthetics and other technical developments have reduced the usage.

The German Market

In Western Germany, which is generally looked upon as our largest single market for surplus vegetable oils, actual dependence on the United States scarcely exists. Rather, Germany has adopted the policy of covering all requirements through trade agreements and on balance of payment accounts. There were 26 active country agreements including fats, oils, and oil-bearing materials in effect at the beginning of 1953. Under this system, dollar procurement becomes an exception to the rule and theoretically exists only when adequate supplies are not available in non-dollar areas. Lard and inedible animal fats from the United States have a good market in Germany because they represent the "exception" in respect to available supplies and because dollar prices are attractive. On the other hand the demand for oilseeds and vegetable oils from the United States for Germany's expanding margarine industry hinges on price and quality alone since adequate supplies of margarine materials are available from other sources. Here again, the situation in respect to Germany applies in varying degrees to most other countries of Western Europe.

United States vegetable oils and oilseeds face price competition sharpened by the fact that Europe can find other relatively abundant sources of supply. Such competition can be expected from China, for instance, but just how much is uncertain. Manchurian soybeans furnish a good illustration of how United States exporters must compete on a price and quality basis. United States soybeans are favored in the European market only if they compare favorably both in price and quality to the Manchurian beans. In the past several months there has been considerably less dissatisfaction in Europe with the quality of United States soybeans than was once the case.

There still is the problem of shortage of dollar exchange which is basic to the export volume. But the price and quality issue is equally fundamental, and in many cases it becomes the determining factor. Unfortunately the dollar shortage frequently results in involved transactions within a country or through third countries which add to the cost of the sale. When this happens, the dollar price must be lower than the equivalent soft currency price before it becomes strictly competitive.

Assuming that the United States can meet the competition of other producing areas on a price and quality basis, Europeans are likely to continue to prefer to buy our fats and oils--if they have the dollars. But again, it isn't all a matter of dollars. The profit motive comes in very strongly.

One of the best illustrations arises in connection with soybeans. European countries have tremendous crushing capacity, much of which has been modernized since the war with new solvent extraction equipment. At the same time, most of these plants are operating far below their capacity for lack of raw materials. Against this background, Europe is deficit in oilcake and meal. This set of circumstances results in a "natural" market for soybeans because they result in a large crushing operation for the mills relative to the quantity of oil produced. If these mills can sell the oil and meal at prices which leave an operating profit, they generally find ways of financing large scale dollar purchases. But no matter how many dollars are available, there is no interest in American soybeans when the crushing in Europe would result in an operating loss. This is essentially the situation which prevails this year. The oil must be sold in competition with other "soft" or liquid edible oils which are available from many sources, and the value of the meal has its limits fixed by supply and demand in world-wide competition.

The European Lard Market

Our normal lard market in Europe is largely confined to the United Kingdom, Western Germany, and Austria. European lard consumption generally has declined, with countries other than the three mentioned being self-sufficient or having small export balances. Just how much lard we export in 1953 will depend mostly upon how much the British buy. The dollar problem is the big factor affecting sales to the United Kingdom. United States lard is in a favored position on a price basis in the European market.

There has been some indication that in the United Kingdom such dollars as are allocated to the Ministry of Food for imports of fats and oils will be used to import lard. No other fats and oils are being bought with dollars. The British have such a strong preference for lard as a cooking fat that they would probably hold to that preference even though imports were restricted for a time because of dollar shortage. Belief is that if fats and oils were decontrolled in the United Kingdom, at least as much lard would be imported as before the war.

Thus, while price and quality are frequently the determining export factors, the problem of selling lard to the United Kingdom is based squarely on the shortage of dollar exchange.

X Less Haste: More Gain

In Marketing Grain X

By Thomas B. Walker

For years farm leaders, both in and out of Government, have been proclaiming the benefits of more stable prices to be obtained from orderly marketing of agricultural commodities. Now, a study of the marketing of the major grain crops during the past 4 years definitely shows that producers who held their grain until after the heavy marketings during the harvest months nearly always had an opportunity later in the same crop year to sell at higher prices. In fact, other statistics compiled by the Grain Branch, Production and Marketing Administration, reveal that in all years since 1938 there was an increase over the low prices of the harvest quarter. In some cases, to be sure, this rise was slight, but there was an increase each year, nevertheless.

The advantage to individual producers of the commodities would, of course, be determined to a large extent by storage costs necessary to hold the grain until after the period of heavy marketings. If use of commercial storage were necessary, the availability and rates would have to be considered. If storage were to depend on constructing bins on the farm, it would be necessary to consider, first, the costs -- including depreciation, labor, and other factors involved in storage -- balanced against their future usefulness, in justifying the investment. In this connection, another Grain Branch study has shown that in each of four years since World War II the postharvest price rise in soybeans would have more than paid a farmer the full cost of constructing bins to hold his crop.

Only Three Exceptions in Four Years

Except for the 1948 crops, substantially higher prices were available in the open market after the harvest quarter for all of the grains during the period covered by the study. In the late summer and fall of 1948, at the approach of a large harvest, grain prices broke sharply, and settled to a lower postwar plane, from which they have not fully recovered. Barley, corn and grain sorghums did not recover significantly within the 1948-49 marketing year from harvest-quarter averages. However, the latter two grains sold at less than support level during the harvest quarter, and in heavy volume, notwithstanding the fact that support prices were available through CCC loans or purchase agreements. On the other hand, barley sold in the first 2 months (July and August) of the 1948 heavy marketing quarter at somewhat above the support price level, after which it declined below that level, followed a trend generally downward, and barely returned to the support level in only two months of that crop year. Thus, barley prices in 1948 were the lone exception to the prevailing pattern.

The Grain Branch study reveals a clear-cut pattern for every grain and nearly every year. A large part of each year's sales was concentrated in the 3 months starting when harvest was well under way. Prices reached a low or near-low level at about the time of heaviest marketing. And prices rose later in the year, generally at the time of lightest marketings, and usually by a substantial margin.

Seasonality of Marketings

During the 4 years studied, seasonality was least pronounced in the flow of corn to market. From 34 to 36 percent of the corn marketing was done within the same 3 months (October-December) of each year. The most pronounced seasonal marketing, with the largest volume of the crop marketed year after year, was in the sale of soybeans. From 65 to 68 percent of all soybean sales were made in the months, October to December. The marketing patterns of the other grains fall between these extremes. The harvest-quarter marketings, by percent of total quantity sold in the year, for each of the grains, by years, is shown in Table I below:

Table I.--Percent of Total Marketings of Six Grains Occurring During Harvest Quarter (Marketing Years 1948-49 Through 1951-52)

Commodity and Harvest Months	1948-49	1949-50	1950-51	1951-52
Barley (July - Sept.)	54	61	46	57
Corn (Oct. - Dec.)	36	34	36	35
Oats (July - Sept.)	45	47	48	45
Grain Sorghum (Sept. - Nov.)	48	49	47	48
Soybeans (Oct. - Dec.)	67	65	68	67
Wheat (July - Sept.)	47	45	38	44

On page 13, Figures 1 and 2, respectively, illustrate a fairly typical case, and an extreme case, of seasonality in movement of grain to market. Figure 3, on page 14, illustrates the spread in oats prices (fairly typical of the grains), between harvest-time low and the subsequent high for the same market year, for each of the crop years 1938-39 through 1951-52.

The low harvest-time price (average at the farm) and later high price for each of the grains, is shown by years, in the table just below. It will be seen that while spectacular gains were not obtainable in the market-place every year through delayed marketing, there were opportunities every year, except 1948-49, for substantial gain through the delayed marketing of all of these grains.

Table II.--Average Farm Prices, Per Bushel, Of Six Grains: Harvest Low, Post-Harvest High, and Price Increase -- 1948-49 Through 1951-52

(Dollars Per Unit)

Commodity	1948-49			1949-50			1950-51			1951-52		
	Harvest Low	Later High	Rise	Harvest Low	Later High	Rise	Harvest Low	Later High	Rise	Harvest Low	Later High	Rise
Barley Bu.	1.08	1.15	.07	.96	1.12	.16	1.12	1.34	.22	1.17	1.42	.25
Corn Bu.	1.21	1.25	.04	1.02	1.44	.42	1.37	1.65	.28	1.62	1.73	.11
Grain Sorghum Cwt.	1.99	2.22	.23	1.66	1.98	.32	1.63	2.22	.59	2.12	2.90	.78
Oats Bu.	.69	.77	.08	.58	.80	.22	.71	.92	.21	.76	.95	.19
Soybeans Bu.	2.27	2.60	.33	1.95	2.93	.98	2.03	3.13	1.10	2.59	3.00	.41
Wheat Bu.	1.96	2.05	.09	1.79	2.04	.25	1.94	2.21	.27	2.05	2.22	.17

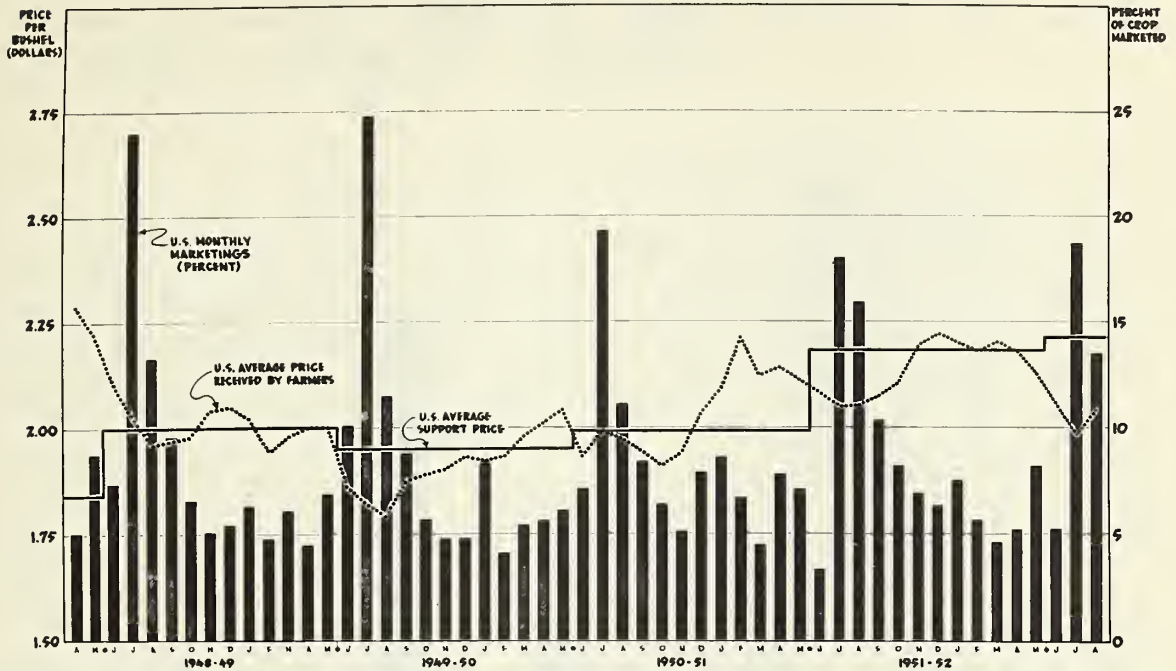
The opportunities for higher prices through later marketing discussed above were available to individuals, but, of course, could not be obtained on any large percentage of the total crop. If a preponderance of sales were shifted from harvest months to the months now affording the best prices, there would be a leveling off of prices through the year, with lower peaks and shallower valleys.

All the grains studied are covered by price supports. Within the period under study there was one or more lengthy period for each grain (except soybeans) when prices were below the support level. Obviously not all growers could have sold at the peak price, but all could have gotten at least the support price. While soybeans nearly always sold at more than the support price, growers invariably sold $\frac{2}{3}$ to $\frac{3}{4}$ of the beans in the harvest quarter (from 41 to 47 percent in the one month of October) at the year's low or near-low prices, whereas more producers could have stored them under loan and received higher prices later.

A survey just completed by the Grain Branch shows a decided shortage of farm and local warehouse storage in many localities, apparently a reason why more farmers cannot utilize the support program and sell at more favorable times of the year.

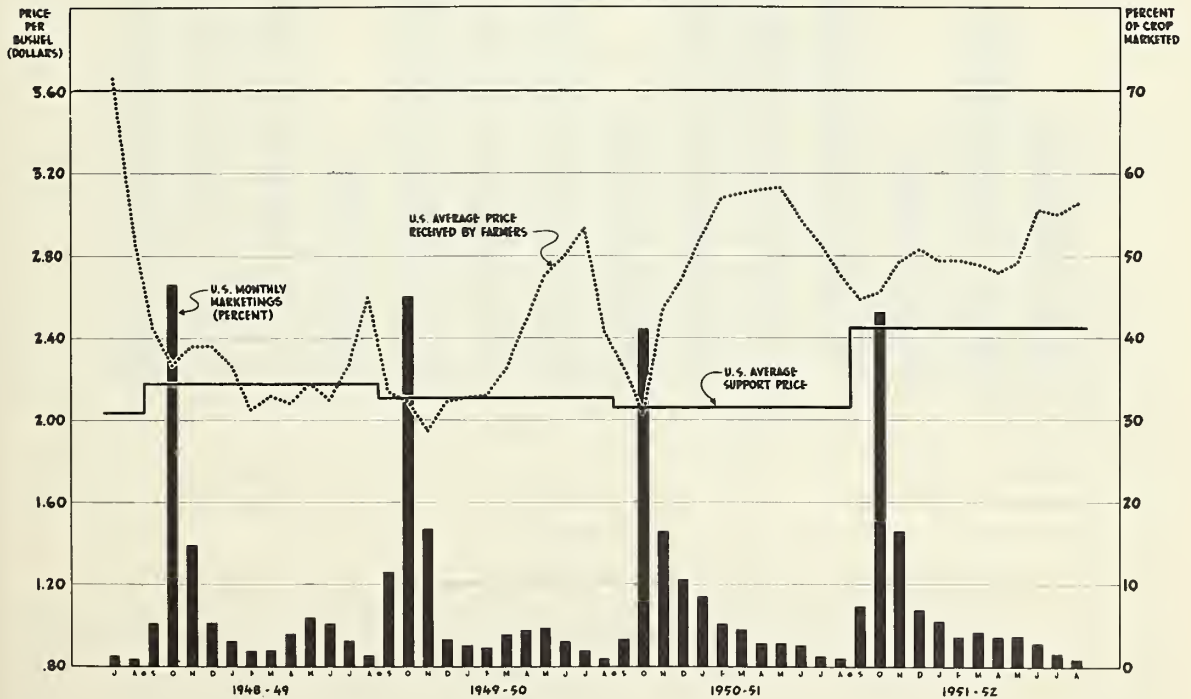
WHEAT: U. S. MONTHLY MARKETINGS, PRICE SUPPORT LEVELS, AND AVERAGE MONTHLY PRICES RECEIVED BY FARMERS

APRIL 1948 THROUGH AUGUST 1952



SOYBEANS: U. S. MONTHLY MARKETINGS, PRICE SUPPORT LEVELS, AND AVERAGE MONTHLY PRICES RECEIVED BY FARMERS

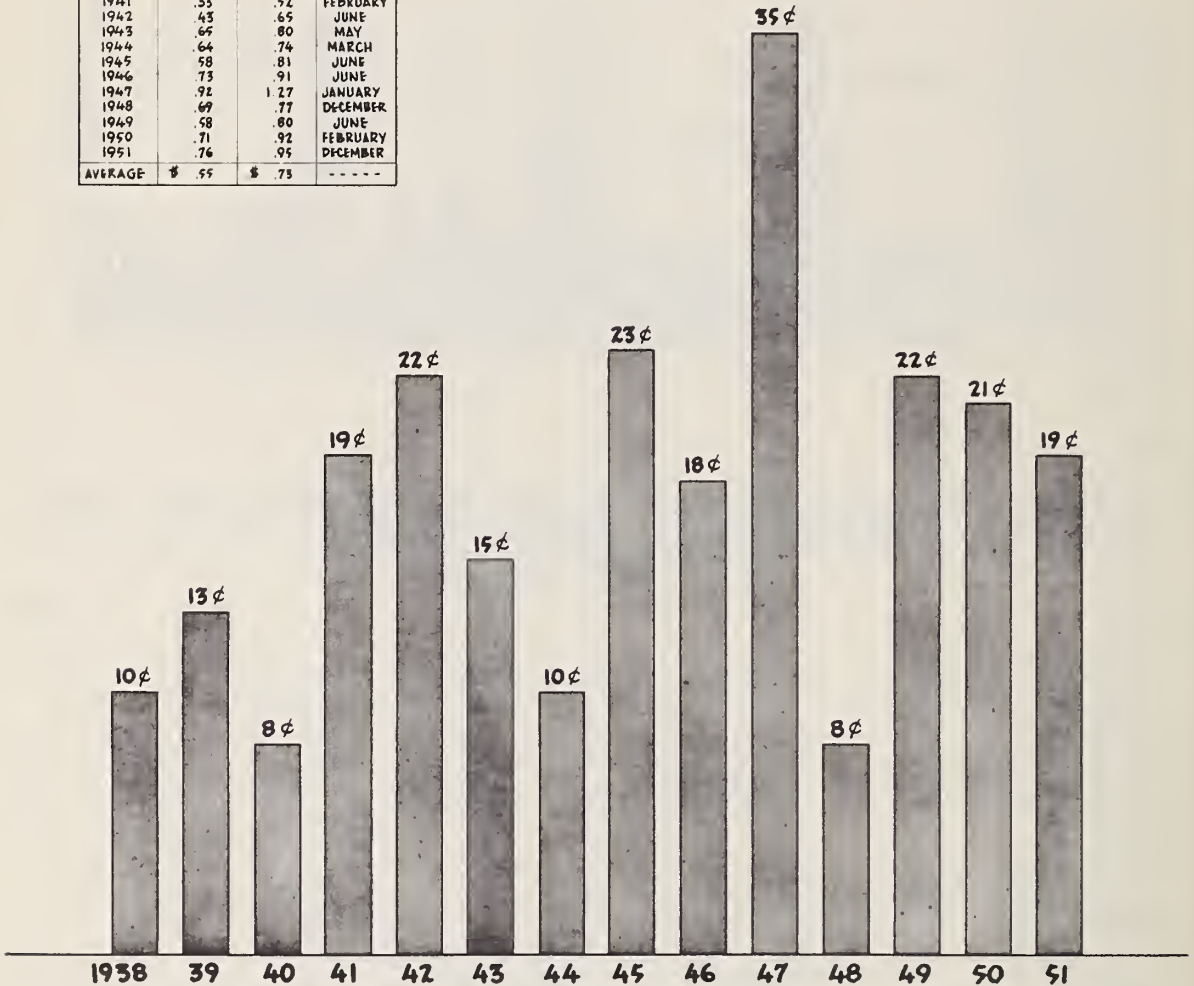
JULY 1948 THROUGH AUGUST 1952



OAT STORAGE HAS PAID PRODUCERS

PRICE RISE PER BUSHEL FROM LOW MONTH OF HARVEST PERIOD

CROP	LOW HARVEST PRICE	TOP PRICE AFTER HARVEST	MONTH OF TOP PRICE
1938	\$.20	.30	JUNE
1939	.26	.39	APRIL
1940	.27	.35	APRIL
1941	.33	.52	FEBRUARY
1942	.43	.65	JUNE
1943	.66	.80	MAY
1944	.64	.74	MARCH
1945	.58	.81	JUNE
1946	.73	.91	JUNE
1947	.92	1.27	JANUARY
1948	.69	.77	DECEMBER
1949	.58	.80	JUNE
1950	.71	.92	FEBRUARY
1951	.76	.95	DECEMBER
AVERAGE	\$.55	\$.73	-----



Price rise based on average prices received by farmers each month.

ATLANTIC STATES MARKETING OFFICIALS MEET

The annual meeting of the Atlantic States Division, National Association of Marketing Officials was held at the U. S. Department of Agriculture in Washington, April 20-22, 1953. A full report on the meeting which covered a number of problems of interest to State and Federal marketing men is planned for the next issue of **MARKETING ACTIVITIES**.

Poultry School Results

By John D. Miller and Earl Rinear

Retailers who have attended the "schools" sponsored by the U. S. Department of Agriculture to improve poultry and egg merchandising methods appear to be most responsive in adopting the new poultry handling techniques which are being taught. That is the conclusion to be drawn from a follow-up survey made in St. Louis, Mo., of retailers who had personnel at the merchandising classes held there.

The study also revealed that 85 percent of the retailers surveyed felt that as a result of the training they were better judges of the grade of the poultry products which they were handling and that they had been able to reduce their losses in these highly perishable products.

Through a nation-wide program, the Poultry and Egg National Board, under contract with USDA, is conducting classes for retailers in which they are taught the fine points of poultry and egg merchandising. The courses cover such factors as how to select high quality poultry and eggs; how to keep them that way; how to cut up chickens and turkeys for retail sale to get maximum yield in parts consumers like best; how to candle and grade eggs; how to sell eggs by grade and size; and how to display and sell poultry and eggs at their best.

Training Is Nation-wide

Launched in mid-January 1951, in St. Louis, ("Training Sparks Poultry Sales," Marketing Activities, January 1951), the training classes to date have been held in approximately 325 cities and have been attended by about 12,500 trainees.

Some time after the St. Louis classes had been held, the College of Agriculture, University of Missouri, made a survey for USDA to determine to what extent retailers who had sent personnel to the "school" had adopted the improved merchandising methods taught. The study, made under an Agricultural Marketing Act of 1946 contract, covered 105 retail stores, of which 98 were independents and 7 were chains. Only one of the stores was self-service; five were service type and the rest were a combination of the two types.

A report on the study, summarizing the findings, states that generally the retailers were most concerned with (a) buying techniques - purchase of ready-to-cook poultry and eggs by grade; (b) holding methods - refrigeration of eggs and poultry during display as well as overnight; and (c) preparation - the cutting up of poultry for retail and selling eggs by grade and size. Somewhat less interest was shown in the improved display

methods taught in the classes, but the report pointed out that many of the retailers studied were of the small, neighborhood type, generally short on floor space, and they felt that their volume was too small to warrant the expense of additional equipment.

A surprising result of the study was the high percentage of retailers interviewed who stated that they had been following good methods of merchandising before they or their personnel attended the classes. Data on the volume of poultry products handled by the stores covered in the survey, before and after the training classes, were not obtained.

Practices Adopted

Of the St. Louis stores which had not previously used the method taught in the "schools" for cutting up chickens for retail, 64 percent, adopted the practice after attending the classes. ("Why Whack Them Up," Marketing Activities, December 1952). Another 63 percent of the retailers who had not done so before adopted the idea taught in the schools of selling ready-to-cook chickens.

About 28 percent of stores which had not previously done so, were selling cut-up fresh chickens; 25 percent had begun buying drawn, dressed chickens and 17 percent were buying poultry meat according to grade.

Of the 105 stores studied, 12 had added new equipment. Of the stores which had not previously iced their poultry displays, 15 percent had adopted the practice and 12 percent of stores not previously doing so had set up a separate display of cut-up chicken parts.

In connection with the egg selling practices taught, 17 percent of the retailers who had not done so before, were refrigerating their egg displays; 13 percent had adopted the practice of setting up mass displays for eggs; 9 percent were offering more egg sizes; 8 percent were offering a wider range of grades.

Most "Worthwhile" Training

Asked which of the egg handling methods they considered most worthwhile, slightly over 80 percent of the retailers reporting favored the grading and candling methods taught in the classes and almost 20 percent thought the display techniques were most valuable. In response to the same question regarding chicken handling techniques, nearly 72 percent favored the cut-up method and less than 30 percent reported the display methods. With regard to turkey handling techniques, 75 percent thought the cut-up method was most worthwhile, while 25 percent favored display methods taught.

A more comprehensive study of the effects of the poultry and egg retailer training classes has been made in Baltimore, Md. This is a "before-and-after" study of the stores selected and should give more detailed results of the training on sales of poultry and eggs. It is expected that the report will be available for early publication.

Participation Training Brings Improved Performance

By Martin Kriesberg

In a controlled experiment among food store cashiers, the effectiveness of two methods of training were tested--(1) A method based primarily on written instruction which employees were requested to read, and (2) a method which emphasized cashier participation in the training program. The latter training method resulted in more willing acceptance of new check-out procedures, closer adherence to established procedures, more courtesy to customers, better utilization of time, and more employee satisfaction with the instruction received. The study was conducted by the Marketing and Facilities Research Branch, U.S. Department of Agriculture, under the Agricultural Marketing Act of 1946. It is part of a series of similar studies designed to improve retail marketing operations.

Although great strides have been made in food retailing during the past 20 years, in introducing labor saving devices and practices, labor continues to be the principal cost item in this important segment of the food marketing channel. Increased employee productivity is of immediate help to food retailers and, in the long run, contributes toward reductions in the cost of marketing food.

Motivation as Necessary as Training

High employee productivity in food retailing depends not alone on good equipment and sound operating methods; it depends also on adequately trained and motivated employees. Supermarket operators and USDA researchers have found that when new equipment and improved practices are introduced, employees in one store will show marked increases in productivity, while in another store, using the same equipment and procedures, very little is gained. Even where procedures have been long established there are considerable differences in how faithfully employees follow them. Thus the returns expected from improved equipment are not always obtained, and the potential value of well-thought-out operating procedures are not fully realized. With rising labor costs and the difficulty of recruiting good personnel, food store operators are turning to better means of developing their employees. Food store managers generally agree that employee performance can be explained in large part by the way employees are instructed.

The study of training methods to improve employee performance was conducted among matched stores of two supermarket organizations located in Eastern metropolitan areas.

Training Methods Tested

Two methods of training were tested: The principal characteristic of one was written instructions; the main characteristic of the other was participation by the cashiers in the training program. Training was given to full-time cashiers only, for the purpose of improving their performance. The instruction given them included comments on customer courtesy, a review of current practices, and some suggested new procedures.

Training by Written Instruction

A memorandum covering the principal points of the check-out operation was sent, over the signature of the general supervisor, to the store managers of the "control" group of stores. The supervisor requested store managers to tell their cashiers, individually or in groups, about the memorandum and have the cashiers take a copy home to read. This method of improving the performance of cashiers was customarily used in the food stores studied and is characteristic of the methods used by small supermarket organizations.

Training With Cashier Participation

This system included a number of devices to obtain cashier participation in the training process: (1) The study director visited the stores several times prior to the training date, asking the cashiers for their views on various aspects of the check-out operation. (2) The cashiers in several of the stores were asked to help develop and try out the new operating procedure to be incorporated in their instruction. (3) A meeting was held, led by an experienced instructor, in which the cashiers were given an opportunity to discuss the check-out operation as a group. (4) At the meeting a movie was shown on the subject of courtesy, and a demonstration of the new operating procedure was given by several cashiers present. The group was asked to discuss the movie and the demonstration. The points covered during the meeting of cashiers were the same as those in the written instruction and copies of the same memorandum were later distributed to the cashiers.

Training Elements

The manner in which the study was conducted introduced some important elements of training which affected the performance of cashiers in both groups. These elements were: (1) Close and consistent follow-up and (2) evidence of management interest in the cashiers' work. It is likely that because of these factors a somewhat higher level of performance was recorded for all cashiers in this study than might otherwise be obtained by the training methods described. The significance of the study lies, however, in the difference in performance between the two groups of cashiers.

Results of the Controlled Experiment

Cashiers whose instruction was principally a written memorandum followed a suggested new procedure in 60 percent of the customer check-outs;

cashiers given an opportunity to discuss the new procedure before adopting it followed the new practice in 77 percent of the cases.

Closer adherence to established procedures was obtained by the improved training. Actions required in established check-out procedures were correctly performed in 88 percent of the cases by the group of cashiers given written instruction and 93 percent by the group whose training included a discussion of established procedures.

Courtesy to customers was increased by improved training. Cashiers whose training was by memorandum followed courtesy practices in 49 percent of the check-outs; those participating in their training were courteous in 63 percent of the cases.

Cashiers receiving improved training scored substantially better on utilization of time. Of the ratings given cashiers instructed primarily by written memorandum, 30 percent were excellent and 35 percent were poor. Of ratings given cashiers participating in their instruction, 43 percent were excellent and 14 percent were poor.

Better Performance Lasts

The performance of cashiers who received the improved training was better not merely during a 4-week period immediately after the training date, but also 10 weeks later when additional observations were made. Moreover, these cashiers evidence positive satisfaction with their training while most of the other group were indifferent to the written instructions they had received.

The study shows that a training system which gives cashiers an opportunity to discuss their work, to help develop improvements in required practices and to participate in a group training conference can obtain superior performance. These results were obtained in two supermarket organizations, and similar results can probably be obtained by other food stores following the same training principles. The cost of conducting a training program, such as the improved system tested in the study, is estimated at \$10 per employee trained. Results of the study suggest that more effective training will reduce operating costs and improve customer relations.

Results Could Be Extended

While this study was limited to training cashiers, it seems likely that the same techniques could be employed with comparable results on other groups of food store employees and those in other food marketing operations. For example, if better methods of training were employed to instruct grocery clerks in food stores or order assembly men in grocery warehouses, it could be anticipated that there would be better utilization of time, closer adherence to soundly established procedures and more willing acceptance of improved methods of work. Worthwhile savings in labor costs would result from such improved performance and tangible contributions toward lowered food marketing costs would be made.

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